



EXPEDITED SPCC SETTLEMENT AGREEMENT
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 7, 901 N. 5th ST., KANSAS CITY, KANSAS 66101

03 DEC 31 AM 9:36

Facility Name: State Dunlap Tank Battery

Location: SE SE SE Sec.36,T20N,R51W, Morrill Co.,NE

Owner/Operator: Exco Resources, Inc.
(Respondent)

ENVIRONMENTAL PROTECTION
AGENCY-REGION VII
REGIONAL HEARING CLERK

On July 31, 2002, an authorized representative of the United States Environmental Protection Agency (EPA) conducted an inspection to determine compliance with the Oil Pollution Prevention (SPCC) regulations promulgated at 40 CFR Part 112 under Section 311(i) of the Clean Water Act (33 U.S.C. § 1321(j)) (the Act), and found that Respondent had violated regulations implementing Section 311(j) of the Act by failing to comply with the regulations as noted on the attached Spill Prevention Control and Countermeasure Inspection Findings, Alleged Violations, and Proposed Penalty Form (Form), which is hereby incorporated by reference.

DOCKET NO: CWA-07-2003-0257

This Expedited Settlement resolves Respondent's liability for Federal civil penalties for the violations of the SPCC regulations described in the Form. However, EPA does not waive any rights to take any enforcement action for any other past, present, or future violations by Respondent of the SPCC regulations or of any other federal statute or regulations. By its first signature, EPA ratifies the Inspection Findings and Alleged Violations set forth in the Form.


This proceeding and the Expedited Settlement are under the authority vested in the Administrator of EPA by Section 311(b) (6) (B) (i) of the Act, 33 U.S.C. § 1321(b) (6) (B) (i), as amended by the Oil Pollution Act of 1990, and 40 CFR §§ 22.13(b) and 22.18(b), published at 64 Fed. Reg. 40137 on July 23, 1999. The parties enter into this Expedited Settlement in order to settle the civil violations described in the Form for a penalty of \$ 550.00. This settlement is subject to the following terms and conditions:

Upon signing and returning this Expedited Settlement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Expedited Settlement without further notice.

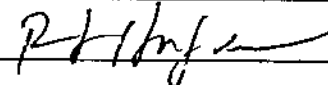
This Expedited Settlement is binding on the parties signing below, and is effective upon the Regional Judicial Officer's signature.

EPA finds that Respondent is subject to the SPCC regulations, which are published at 40 CFR Part 112, and has violated the regulations as further described in the Form. Respondent admits that he/she is subject to 40 CFR Part 112 and that EPA has jurisdiction over Respondent and Respondent's conduct as described in the Form. Respondent does not contest the Inspection Findings, and waives any objections it may have to EPA's jurisdiction. Respondent consents to the assessment of the penalty stated above. Respondent certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that the violations have been corrected and Respondent has sent a certified check in the amount of \$ 550.00 payable to the "Oil Spill Liability Trust Fund," to:

APPROVED BY EPA:

 Date: 12-23-03
Chief, Emergency Planning & Response Branch,
Superfund, Division

APPROVED BY RESPONDENT:

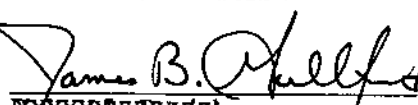
Name (print): R.L. HODGES
Title (print): Vice President
Signature: 

"Regional Hearing Clerk, Office of Regional Counsel,
U.S. Environmental Protection Agency, 901 N. 5th
Street, Kansas City, Kansas 66101".

Respondent has noted on the penalty payment check the docket number of this case.

(Do Not Make Check Out to Regional Hearing Clerk)

IT IS SO ORDERED:

 Date: 12/31/03
~~Robert M. Patrick~~
~~Regional Judicial Officer~~
James B. Gulliford
Regional Administrator

INSTRUCTIONS ON REVERSE

Spill Prevention Control and Countermeasure Inspection Findings, Alleged Violations, and Proposed Penalty Form

(Note: Do not use this form if there is no secondary containment)
These Findings, Alleged Violations and Penalties are issued by EPA Region 7 under the authority vested in the Administrator of EPA by Section 311(b)(6)(B)(i) of the Clean Water Act, as amended by the Oil Pollution Act of 1990

Company Name <div style="border: 1px solid black; padding: 2px;">Exco Resources, Inc.</div>		Docket Number: CWA <div style="border: 1px solid black; padding: 2px; text-align: center;">7 - 2 0 0 3 - 0 2 5 7</div>	
Lease Name <div style="border: 1px solid black; padding: 2px;">State Dunlap Tank Battery (SE SE SE Sec. 36, T20N, R51W, Morrill Co.,</div>		Inspection Date <div style="border: 1px solid black; padding: 2px; text-align: center;">July 31, 2002</div>	
Company Address <div style="border: 1px solid black; padding: 2px;">2829 Road 111</div>		Inspection Number <div style="border: 1px solid black; padding: 2px; text-align: center;"> <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div> </div>	
City: <div style="border: 1px solid black; padding: 2px;">Sidney</div>		Inspector's Name: <div style="border: 1px solid black; padding: 2px;">Marc Callaghan</div>	
State: <div style="border: 1px solid black; padding: 2px;">NE</div>	Zip Code: <div style="border: 1px solid black; padding: 2px;">69162</div>	EPA Approving Official: <div style="border: 1px solid black; padding: 2px;">Robert W. Jackson</div>	
Contact: <div style="border: 1px solid black; padding: 2px;">Paul D. Roberts, District Manager</div>		Enforcement Contacts: <div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Bob Webber</div> <div>Phone Number: (913)551-7251</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Alan Hancock</div> <div>Phone Number: (913)551-7647</div> </div> </div>	



Summary of Findings

OIL PRODUCTION FACILITIES (ONSHORE)

GENERAL TOPICS: 112.3(d), (e); 112.5(a), (b), (c); 112.7 (b), (c), (d)

(When the SPCC Plan review penalty exceeds \$1,000.00 enter only the maximum allowable of \$1,000.00 dollars.)

<input type="checkbox"/>	No Spill Prevention Control and Countermeasure Plan	\$ 1,000.00
<input type="checkbox"/>	Plan not certified by a professional engineer	300.00
<input type="checkbox"/>	Plan not maintained on site (applies if facility is manned at least eight (8) hours per day)	100.00
<input type="checkbox"/>	Plan not available for review	100.00
<input type="checkbox"/>	No evidence of three year review of plan by owner/operator	50.00
<input type="checkbox"/>	No plan amendment(s) if the facility has had a change in: design, construction, operation, or maintenance which affects the facility's discharge potential	50.00
<input type="checkbox"/>	Amendment(s) not certified by a professional engineer	100.00
<input type="checkbox"/>	Inadequate or no prediction of equipment failure which could result in discharges	100.00
X	Plan does not discuss appropriate containment/diversionary structures/equipment	100.00
	Installation of appropriate containment/diversionary structures is impractical	
<input type="checkbox"/>	No contingency plan	100.00
<input type="checkbox"/>	No written commitment of manpower, equipment, and materials	100.00

Written Procedures and Inspection Records 112.7(e)(8)

- | | | |
|--------------------------|--|--------|
| <input type="checkbox"/> | Visual tank inspections are not conducted periodically by appropriate personnel and/or inspections do not include tank foundation and supports | 300.00 |
| <input type="checkbox"/> | Tank battery installations are not "fail-safe" engineered because <u>none</u> of the following are present | 300.00 |
| (1) | Adequate tank capacity to prevent tank overflow; | |
| (2) | Overflow equalizing lines between the tanks; | |
| (3) | Vacuum protection to prevent tank collapse; | |
| (4) | High level alarms to generate and transmit an alarm signal where facilities are part of a computer control system. | |

Facility Transfer Operations

- | | | |
|--------------------------|---|--------|
| <input type="checkbox"/> | Above ground valves and pipelines are not examined periodically on a scheduled basis for general condition (includes items, such as: flange joints, valve glands and bodies, drip pans, pipeline supports, bleeder and gauge valves, polish rods/stuffing box.) | 300.00 |
| <input type="checkbox"/> | Brine disposal facilities are not examined often | 300.00 |
| <input type="checkbox"/> | Inadequate or no flowline maintenance program (includes: examination, corrosion protection and, flowline replacement) | 300.00 |
| <input type="checkbox"/> | Plan has inadequate or no discussion of oil production facilities | 50.00 |

TOTAL \$550.00

Additional violations which must be corrected:

1. Maps, sketches, or drawings should show locations of storage tanks, loading/unloading areas, flow lines to wells and direction and route of facility drainage flow to the waterway;
2. A detailed discussion of Loading/Unloading operations should be included in the SPCC plan;
3. Inspections should be recorded no less often than every three months;
4. Drips and leaks should be controlled by using pipe caps, buckets, drip pans or other appropriate means and any accumulated oil should be removed.

IN THE MATTER OF State Dunlap Tank Battery, Respondent
Docket No. CWA-07-2003-0257

CERTIFICATE OF SERVICE

I certify that the foregoing Expedited SPCC Settlement Agreement was sent this day in the following manner to the addressees:

Copy hand delivered to
Attorney for Complainant:


Kristina Kemp
Assistant Regional Counsel
Region VII
United States Environmental Protection Agency
901 N. 5th Street
Kansas City, Kansas 66101

Copy by Certified Mail Return Receipt to:

Paul D. Roberts, District Manager
Exco Resources, Inc.
2829 Road 111
Sidney, Nebraska 69162

US. Coast Guard
Finance Center (OGR)
1430A Kristina Way
Chesapeake, VA 23326

Dated: 1/2/04


Kathy Robinson
Regional Hearing Clerk